



DEPARTMENT OF THE ARMY  
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS  
500 ARMY PENTAGON  
WASHINGTON DC 20310-0500


01 APR 1998

DALO-RMI

MEMORANDUM FOR PROGRAM MANAGER, OFFICE OF THE DEPUTY CHIEF OF  
STAFF FOR LOGISTICS, ATTN: DALO-SSF, 500 ARMY  
PENTAGON, WASHINGTON, D.C. 20310-0500

**SUBJECT: Single Stock Fund Interim Credit Policy**

1. Reference your memorandum, 24 Feb 98, subject: Interim Credit Policy.
2. The review of the interim credit policy offered by the senior level SSF development session group is complete. DALO-RM concurs with the interim policy. DALO-SM has committed to issuing a memorandum to all software design organizations involved in the policy change telling them to begin automation efforts to facilitate the interim policy. PM SSF is commended for its efforts in leading a diverse group to a consensus on this issue.
3. This information will be provided to CEAC, PA&E, and DCSOPS for incorporation in their programming and budgeting duties. PM SSF should provide this information to AMC so they can begin identifying a process and plan for implementation of the policy. It is suggested that MACOMs be informed that they will no longer be required to pay for repair of secondary items belonging to SMA. Rather, SMA will begin, in conjunction with the implementation of the interim credit policy, to purchase repairs from the GS maintenance organizations. Repair actions will be directed by the wholesale item manager to conserve maximum dollars for the US Army.
4. Point of contact for this memo is Max C. McClellan, 697-3122, DALO-RMI.

  
STEPHEN R. BURDT  
Director of Resource  
Management

CF:  
ADCSLOG  
Dir, DALO-SM  
SAFM-BUR





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500 ARMY PENTAGON  
WASHINGTON DC 20310-0500

24 FEB 1998

DALO-SSF (37)

MEMORANDUM FOR

DIRECTOR BUSINESS RESOURCES, ATTN: SAFM-BUR, ASSISTANT  
SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER),  
109 ARMY PENTAGON, WASHINGTON, DC 20310-0109

DIRECTOR, U.S. ARMY COST AND ECONOMIC ANALYSIS CENTER, ATTN:  
STEVE BAGBY, 5611 COLUMBIA PIKE, FALLS CHURCH, VA 22041-5050

DIRECTOR, RESOURCE MANAGEMENT, DEPUTY CHIEF OF STAFF FOR  
LOGISTICS, HQDA, ATTN: DALO-RM, 109 ARMY PENTAGON,  
WASHINGTON, DC 20310-0500

SUBJECT: Interim Credit Policy

1. Purpose. To form a small work group, separate from the Credit Pricing IPT, focused on determining an interim credit policy as an essential step toward meeting Single Stock Fund (SSF) milestone 1. The results of the group must lead to a decision by the SSF Executive Steering Committee on FY 99/00 policy NLT 1 Apr 98.

2. Discussion:

a. To meet Milestone 1 (1 Oct 98) requirements for Single Stock Fund implementation, HQ DA must change Army credit policy. Changes to the existing policy that are critical to SSF:

(1) Establish a uniform credit and pricing mechanism within the SSF. Currently, credit is applied using different methodologies at different levels. We distribute credit from the Retail Stock Fund to customers based on local net asset posture (NAP), by material category (MATCAT), using MACOM retained or national alternate credit percentages. Wholesale to retail credit is applied by national stock number (NSN) depending on the NAP at the wholesale level. Under SSF we must have a credit/pricing arrangement that applies the same value within the SSF and from the SSF to the customer.



DALO-ZB

SUBJECT: Single Stock Fund (SSF) Credit Policy

In addition to simplified accounting we see this change as essential to cash management and maintaining solvency of the AWCF.

(2) Limiting SSF credit to material based on a national requirement. As a business rule, SSF should only issue credit to acquire items that it needs. For example: items in short supply, which are being repaired for return to the Army Working Capital Fund Supply Management Area (AWCF-SMA), should have a credit applied to them that represents their value to the business activity. Conversely, items in long supply, which are not being repaired, should not. Using credit in any other manner will not generate many of the Army efficiencies available from a SSF.

\* b. During a senior level SSF development session, DALO-RMI proposed a policy previously explored by the SSF Financial Management Inter-MACOM Work Group; this proposal was embraced by the group as an acceptable long-term solution (Tab A). This policy is based on national materiel need and provides an annual credit rate by NSN for both serviceable and unserviceable assets. NSN credit would be listed in the Federal Logistics (FED LOG) file. Zero credit would be provided for unserviceable consumable items above the national need. For FY 99/00, this potential end state solution must be adjusted to provide for an alternative to the current MACOM retained credit. We believe the interim policy must be as close to resource neutral as possible. A quantitative examination of a nationally applied retained credit rate is essential to validate a uniform, needs based policy.

\* c. Because of the short suspense we are requesting that an interim solution focusing on FY 99 be determined outside of the efforts of the Credit/Pricing IPT. We see the IPT as focused on long-term issues of a wider scope to include the OPTEMPO/BASOPS mix of resources. The enclosed recommendation should not require any resource reallocation in the BES and is proposed to meet the limited requirements of SSF milestone 1.

DALO-ZB

SUBJECT: Single Stock Fund (SSF) Credit Policy

d. We recognize this step as the first of many in the important process of keeping SSF implementation and pricing/credit review fully synchronized. I must reiterate, that in order to get SSF systems in place by 1 Oct, 98 we must have a decision on what the credit policy will be by 1 Apr 98.

3. Recommendation. That the working group, comprised of representatives from the addressees and SSF personnel, meet concurrently with the DA DCSLOG sponsored SSF Implementation Action Team (3-13 Mar 98) to craft an interim credit policy for FY 99/00. We also request that the group submit their proposal to the SSF Executive Steering Committee for decision NLT 1 April 98.

*Sue L. Baker*

SUE L. BAKER  
Program Manager,  
Single Stock Fund

Encl

CF:

CDR, USAMC  
ADCSLOG  
ADCSLOG-RM  
DPAE  
DAMO-TR  
DAMO-ZR

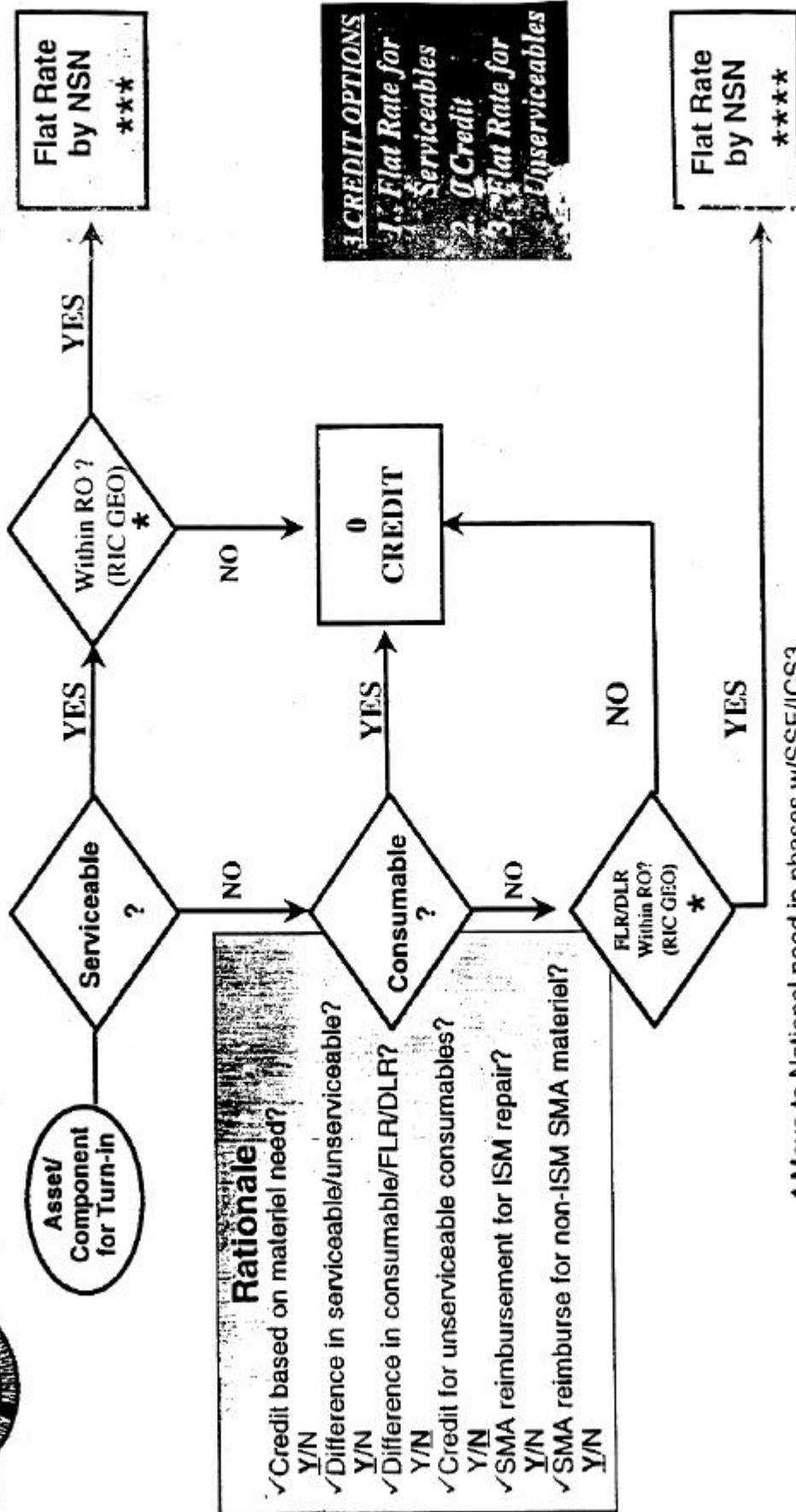
Ms. Baker/617-8499

*LIC. PANCEY - 04 98*



# Future Credit Policy

Based on Need \*



\* Move to National need in phases w/SSF/ICS3

\*\* Rates from HQDA → Retail SMA → OMA Customer

✓ Yearly lock in at beginning of year

... Flat rate includes surcharge adjustment

.... Flat rate includes surcharge, repair cost and washout adjustment

SUPPORTING DOCUMENT 5-1